

**CHOICE FOUNDATION,
A NON-PROFIT ORGANIZATION
NEW ORLEANS, LOUISIANA**

Audit of Financial Statements

June 30, 2011

Contents

Independent Auditor's Report	1 - 2
-------------------------------------	--------------

Financial Statements

Statement of Financial Position	3
Statement of Activities	4
Statement of Cash Flows	5
Notes to Financial Statements	6 - 13

Independent Accountant's Report on Applying Agreed-Upon Procedures	14 - 17
---	----------------

Schedules Required by Louisiana State Law (R.S. 24:514 - Performance and Statistical Data)	18 - 19
---	----------------

	Schedule	
General Fund Instructional and Support Expenditures and Certain Local Revenue Sources	1	20
Education Levels of Public School Staff	2	21
Number and Type of Public Schools	3	22
Experience of Public Principals, Assistant Principals and Full Time Classroom Teachers	4	23
Public School Staff Data	5	24
Class Size Characteristics	6	25
Louisiana Educational Assessment Program (LEAP)	7	26
Graduation Exit Exam	8	27
iLEAP Test Results	9	28 - 30

Contents (Continued)

Supplemental Information

Schedule of Board of Directors	32 - 33
Combining Statement of Financial Position	34
Combining Statement of Activities	35

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	36 - 37
--	----------------

Report on Compliance with Requirements that Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133	38 - 39
--	----------------

Schedule of Expenditures of Federal Awards	40
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Schedule of Findings and Questioned Costs	41 - 42
--	----------------

Independent Auditor's Report

To the Board of Directors
Choice Foundation, a Non-Profit Organization
New Orleans, Louisiana

We have audited the accompanying statement of financial position of Choice Foundation, a Non-Profit Organization (the Foundation), as of June 30, 2011, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Choice Foundation, a Non-Profit Organization, as of June 30, 2011, and the changes in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated October 11, 2011, on our consideration of the Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Performance and Statistical Data included as Schedules 1 through 9, are not a required part of the basic financial statements, but are supplementary information required by Louisiana State law. We have applied certain limited procedures, which are described in the Independent Accountant's Report on Applying Agreed-Upon Procedures. However, we did not audit this information and, accordingly, express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements of Choice Foundation, a Non-Profit Organization, taken as a whole. The accompanying supplemental information is presented for the purposes of additional analysis and is not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.



A Professional Accounting Corporation

October 11, 2011

CHOICE FOUNDATION, A NON-PROFIT ORGANIZATION
NEW ORLEANS, LOUISIANA
Statement of Financial Position
June 30, 2011

Assets	
Current Assets	
Cash and Cash Equivalents	\$ 979,829
Certificates of Deposit	235,000
Grants Receivable	892,394
Prepaid Expenses	109,294
Other Receivables	<u>8,204</u>
Total Current Assets	<u>2,224,721</u>
Property and Equipment	
Leasehold Improvements	942,117
Furniture, Fixtures and Equipment	1,232,781
Less: Accumulated Depreciation	<u>(1,922,133)</u>
Net Property and Equipment	<u>252,765</u>
Total Assets	<u><u>\$ 2,477,486</u></u>
Liabilities and Net Assets	
Current Liabilities	
Accounts Payable	\$ 373,186
Accrued Expenses	<u>614,875</u>
Total Liabilities	<u>988,061</u>
Net Assets	
Unrestricted	1,462,251
Temporarily Restricted	<u>27,174</u>
Total Net Assets	<u>1,489,425</u>
Total Liabilities and Net Assets	<u><u>\$ 2,477,486</u></u>

The accompanying notes are an integral part of these financial statements.

CHOICE FOUNDATION, A NON-PROFIT ORGANIZATION
NEW ORLEANS, LOUISIANA
Statement of Activities
For the Year Ended June 30, 2011

	Unrestricted	Temporarily Restricted	Total
Support and Revenue			
State Public School Funding	\$ 8,900,322	\$ -	\$ 8,900,322
Federal Grants	2,587,554	-	2,587,554
Federal School Lunch Program	543,204	-	543,204
Private Grants and Donations	281,958	27,174	309,132
Other Income	86,206	-	86,206
Other State Funding	59,870	-	59,870
Interest Income	2,105	-	2,105
Net Assets Released from Restrictions	36,248	(36,248)	-
Total Support and Revenue	12,497,467	(9,074)	12,488,393
Expenses			
Program Services			
Regular Education Programs	5,353,381	-	5,353,381
Operation and Maintenance of Plant	1,049,511	-	1,049,511
School Administration	905,078	-	905,078
Special Education Programs	890,522	-	890,522
Special Programs	791,591	-	791,591
Food Service Operations	607,149	-	607,149
Instructional Staff Services	540,946	-	540,946
Pupil Support Services	313,651	-	313,651
Other Instructional Programs	48,444	-	48,444
Student Activities	19,303	-	19,303
Management and General			
Business Services	614,289	-	614,289
General Administration	166,879	-	166,879
Central Services	77,314	-	77,314
Other Expenses			
Depreciation - Machinery and Equipment	451,451	-	451,451
Depreciation - Leasehold Improvements	370,351	-	370,351
Bad Debt Expense	357,873	-	357,873
Total Expenses	12,557,733	-	12,557,733
Change in Net Assets	(60,266)	(9,074)	(69,340)
Net Assets, Beginning of Year	1,522,517	36,248	1,558,765
Net Assets, End of Year	\$ 1,462,251	\$ 27,174	\$ 1,489,425

The accompanying notes are an integral part of these financial statements.

CHOICE FOUNDATION, A NON-PROFIT ORGANIZATION
NEW ORLEANS, LOUISIANA
Statement of Cash Flows
For the Year Ended June 30, 2011

Cash Flows from Operating Activities	
Change in Net Assets	\$ (69,340)
Adjustments to Reconcile Change in Net Assets to	
Net Cash Provided by Operating Activities	
Depreciation	821,802
(Increase) Decrease in:	
Grants Receivable	(254,922)
Other Receivables	13,307
Prepaid Expenses	(29,081)
Increase (Decrease) in:	
Accounts Payable	143,171
Accrued Expenses	175,140
Net Cash Provided by Operating Activities	<u>800,077</u>
Cash Flows from Investing Activities	
Net Redemption of Certificates of Deposit	105,150
Purchase of Property and Equipment	<u>(354,842)</u>
Net Cash Used in Investing Activities	<u>(249,692)</u>
Net Increase in Cash and Cash Equivalents	550,385
Cash and Cash Equivalents, Beginning of Year	<u>429,444</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 979,829</u></u>

The accompanying notes are an integral part of these financial statements.

**CHOICE FOUNDATION, A NON-PROFIT ORGANIZATION
NEW ORLEANS, LOUISIANA**

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies

Choice Foundation, a Non-Profit Organization (the Foundation), d/b/a Lafayette Academy Charter School and Esperanza Charter School, incorporated on November 29, 2004, is an educational institution organized to inform and educate citizens of Louisiana on how school choice initiatives can improve primary education in Louisiana.

The Louisiana Board of Elementary and Secondary Education (BESE) approved the granting of a charter to the Foundation to operate Lafayette Academy Charter School effective September 26, 2006, for an initial term of three years which terminated on June 30, 2009. BESE granted the Foundation a two-year extension of Lafayette Academy Charter School's charter contract which terminated on June 30, 2011. In October 2010, BESE granted the Foundation a three-year extension of Lafayette Academy Charter School's contract to operate a Type 5 Charter School in the Louisiana Recovery School District, as defined in the LA R.S. 17:3992 and 3998. This extension was pursuant to the Evaluation Framework and applicable provision of Title 17, Chapter 42 of the Louisiana Revised Statutes and is currently scheduled to expire June 30, 2014.

The Louisiana Board of Elementary and Secondary Education (BESE) approved the granting of a charter to the Foundation to operate Esperanza Charter School effective July 1, 2010, for an initial term of three years, which terminates on June 30, 2013. BESE shall conduct a third-year evaluation of Esperanza Charter School and may grant a two-year extension of the charter school contract to operate a Type 5 Charter School in the Louisiana Recovery School District, as defined in the LA R.S. 17:3992 and 3998. Upon completion of the School's fifth year of operation, the charter contract may be renewed at the discretion of BESE pursuant to the Evaluation Framework and applicable provision of Title 17, Chapter 42 of the Louisiana Revised Statutes.

A summary of the Foundation's significant accounting policies consistently applied in the preparation of the accompanying financial statements follows:

Financial Statement Presentation

The Foundation follows the guidance of the *Not-for-Profit Entities* Topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). The Foundation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted. In addition, the Foundation is required to present a statement of cash flows.

The Foundation also follows the guidance of the *Not-for-Profit Entities* Topic of the FASB ASC, whereby contributions received are recorded as unrestricted, temporarily restricted or permanently restricted, depending on the existence and/or nature of any donor restrictions. Restricted net assets are reclassified to unrestricted net assets upon satisfaction of the donor-imposed time or purpose restrictions. Restricted contributions are classified as unrestricted if the restriction was met in the same year the contribution was made.

**CHOICE FOUNDATION, A NON-PROFIT ORGANIZATION
NEW ORLEANS, LOUISIANA**

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Basis of Accounting

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported on the financial statements. The financial statements of the Foundation are prepared on the accrual basis of accounting, whereby revenues are recognized when earned and expenses are recognized when incurred. All significant receivables, payables and other liabilities are reflected.

Cash and Cash Equivalents

Cash, which is held in interest bearing accounts, consists of both unrestricted and restricted balances. Unrestricted cash balances represent cash available for general operating purposes.

The Foundation classifies all highly liquid debt instruments with an initial maturity of three months or less to be cash equivalents.

Receivables

The receivables are stated at the amount management expects to collect from outstanding balances. The financial statements do not include an estimate for allowance for doubtful accounts, as management believes all remaining receivables are fully collectible.

The Foundation received various state and federal grants to fund programs and operations. The grants are on a reimbursement basis and grants receivable at year end are stated at unpaid balances for expenditures incurred during the year.

Contributions and Revenue Recognition

Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted, depending on the existence and/or nature of any donor restrictions.

All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or a purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

Revenues from federal and state grants are recorded when the Foundation has a right to reimbursement under the related grant, generally corresponding to the incurring of grant-related costs by the Foundation, or when earned under the terms of the grants. An accrual is made when eligible expenses are incurred.

**CHOICE FOUNDATION, A NON-PROFIT ORGANIZATION
NEW ORLEANS, LOUISIANA**

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Contributions and Revenue Recognition (Continued)

The Foundation's primary source of funding is through the State Public School Fund. The Foundation received \$8,900,322 from the State based on eligible students in attendance on a monthly basis. State and Federal grants are on a cost reimbursement basis. An accrual is made when eligible expenses are incurred.

In-Kind Donations

The Foundation records in-kind value of goods and services contributed to support various activities as support and related expenses. In-kind support was estimated at \$5,767 for the year ended June 30, 2011, which included donations for professional services.

Property and Equipment

All acquisitions of property and equipment in excess of \$1,000 and betterments that naturally add to the value of related assets or materially extend the useful lives of assets are capitalized. Normal building maintenance and minor equipment purchases are included as expenses of the Foundation. Depreciation is calculated using the straight-line method over the remaining term of the charter school contract not to exceed the estimated useful lives of the assets. Assets purchased with public funds will revert to the Louisiana Department of Education at the time this agreement is terminated. See Notes 6 and 7.

Income Taxes

The Foundation is recognized by the Internal Revenue Service as a Section 501(c)(3) tax-exempt organization.

Advertising Costs

Advertising costs are charged to expense when the advertising first takes place. Advertising expense totaled \$9,742 for the year ended June 30, 2011.

Compensated Absences

All teachers and staff are provided 10 days of paid annual sick leave. If an employee continues employment, any unused days remaining at June 30th of each year are reported to Teacher Retirement Services of Louisiana to be accumulated into the employees total days worked for retirement purposes. If the employee terminates at June 30th, the remaining days are forfeited. Accordingly, the Foundation does not recognize a liability for accumulated compensated absences.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**CHOICE FOUNDATION, A NON-PROFIT ORGANIZATION
NEW ORLEANS, LOUISIANA**

Notes to Financial Statements

Note 2. Concentrations

The Foundation received 71% of its revenues for the year ended June 30, 2011, from the State of Louisiana, subject to its charter agreement with the state.

The Foundation periodically maintains cash in bank accounts in excess of insured limits. The Foundation has not experienced any losses and does not believe that significant credit risk exists as a result of this practice.

Note 3. Restrictions on Assets

Temporarily restricted net assets are restricted by donors for specific programs, purposes, or to assist specific departments of the Foundation. These restrictions are considered to expire when payments for restricted purposes are made. None of the temporarily restricted net assets are time-restricted by donors.

Temporarily restricted net assets at June 30, 2011, available for instructional and other purposes, totaled \$27,174.

Note 4. Grants Receivable

As of June 30, 2011, grants receivable totaled \$892,394, which was a receivable for federal and state grants passed through the Louisiana Department of Education. The stated balance is considered to be fully collectible.

Note 5. Retirement Plan

Certain employees of the Foundation participate in the Teachers' Retirement System of Louisiana (TRSL). The TRSL is a cost-sharing, multiple-employer defined benefit pension plan administered by a separate board of trustees. Pertinent information relative to the plan follows:

Plan Description

The TRSL provides retirement benefits as well as disability and survivor benefits. Ten years of service credit are required to become vested for retirement benefits, and five years to become vested for disability and survivor benefits. Benefits are established and amended by state statute. The TRSL issues a publicly available financial report that includes financial statements and required supplementary information for the TRSL. That report may be obtained by writing to the Teachers' Retirement System of Louisiana, P.O. Box 94123, Baton Rouge, LA 70804-9123.

**CHOICE FOUNDATION, A NON-PROFIT ORGANIZATION
NEW ORLEANS, LOUISIANA**

Notes to Financial Statements

Note 5. Retirement Plan (Continued)

Funding Policy

Plan members are required to contribute 8% of their annual covered salary. The Foundation is required to contribute at an actuarially determined rate. The current rate is 20.2% of annual eligible covered payroll. Member contributions and employer contributions for the TRSL are established by state law, and rates are established by the Public Retirement System's Actuarial Committee. The Foundation's contribution to the plan for the years ended June 30, 2011, 2010 and 2009 was \$827,632, \$733,103 and \$668,455, respectively, which is equal to the required contribution.

Note 6. Property and Equipment

All assets acquired with Louisiana Department of Education funds are owned by the Foundation while used in the purpose for which it was purchased. The Louisiana Department of Education, however, has a reversionary interest in these assets. Should the charter not be renewed, title in any assets purchased with those funds will transfer to the appropriate agency. Depreciation expense totaled \$821,802 for the year ended June 30, 2011.

Note 7. Leases

Effective September 26, 2006, the Foundation entered into an agreement with the State of Louisiana, Department of Education, Recovery School District, which allows the Foundation to use the facilities and its contents located at 2727 South Carrollton Avenue, New Orleans, Louisiana 70118. The lease agreement is a component of Lafayette Academy School's charter agreement and is currently scheduled to expire on June 30, 2014.

Effective July 1, 2010, the Foundation entered into an agreement with the State of Louisiana, Department of Education, Recovery School District, which allows the Foundation to use the facilities and its contents located at 4407 South Carrollton Avenue, New Orleans, Louisiana 70119. The lease agreement is a component of Esperanza Charter School's charter agreement and is currently scheduled to expire on June 30, 2013.

Alterations made by the Foundation shall not diminish the value of the property at the time the alterations are approved, unless agreed upon by the State of Louisiana, Department of Education, Recovery School District and the Foundation. Any physical additions or improvements to the property will become property of the State of Louisiana, Department of Education, Recovery School District. The State of Louisiana, Department of Education, Recovery School District may require, at the expense of the Foundation, to remove these physical additions or improvements.

**CHOICE FOUNDATION, A NON-PROFIT ORGANIZATION
NEW ORLEANS, LOUISIANA**

Notes to Financial Statements

Note 7. Leases (Continued)

Non-capital assets acquired by the Foundation with non-public funds will remain the property of the Foundation. Assets purchased with public funds obtained from public sources will automatically revert to the Board of Elementary and Secondary Education at the time this agreement is terminated.

The Foundation must maintain records of any assets acquired with private funds that will remain the property of the Foundation.

The Foundation is responsible for all necessary maintenance to ensure that the facilities comply with all state and local health and safety standards and other applicable laws, regulations and rules.

Use of the property is not recorded as an in-kind contribution from or related rent expense to the State of Louisiana, Department of Education, Recovery School District. The value of the use of land and the building is not readily determinable. The agreement is classified as an exchange transaction because both parties receive significant value from this arrangement. Accordingly, the present value of the benefit to be received in future years has not been recorded.

Note 8. Line of Credit

Lafayette Academy Charter School has a \$200,000 line of credit with Capital One Bank. The line carries a variable rate of interest payable monthly at the Wall Street Journal prime rate (3.25% at June 30, 2011), plus 1% adjusted daily. The note is unsecured. The line of credit was unused at June 30, 2011.

Esperanza Charter School has a \$200,000 line of credit with Capital One Bank. The line carries a variable rate of interest payable monthly at the Wall Street Journal prime rate (3.25% at June 30, 2011). The note is unsecured. The line of credit was unused at June 30, 2011.

Note 9. Minimum Foundation Program (MFP)

The State of Louisiana provides funding which is determined on an annual basis based on the number of pupils enrolled in the Foundation as of October 1st. This state-funded per pupil allocation is based on the most recently approved minimum foundation program formula resolution. For the year ended June 30, 2011, the Foundation recognized revenue of \$4,051,662.

**CHOICE FOUNDATION, A NON-PROFIT ORGANIZATION
NEW ORLEANS, LOUISIANA**

Notes to Financial Statements

Note 9. Minimum Foundation Program (MFP) (Continued)

The Orleans Parish School Board (OPSB) provides funding to the State of Louisiana collected from local agencies, which passes through to the Foundation as Local MFP, which is determined on an annual basis based on the number of pupils enrolled as of October 1st. Revenues received by OPSB from sales tax revenues, ad valorem taxes, and other sources are allocated to each school based on its enrollment. For the year ended June 30, 2011, the Foundation recognized revenue of \$4,848,660.

Note 10. Commitments

The Foundation has employment contracts, as are standard in the field of education, with most of its employees. The contracts for the current year expired June 30, 2011. All contracts provide for a minimum annual salary and benefits.

Note 11. Risk Management

The Foundation is exposed to various risks of loss from torts; thefts of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; and employee health and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters. There were no settled claims that exceeded this commercial coverage during the current year ended June 30, 2011.

Note 12. Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, October 11, 2011, and determined that the following events occurred and required disclosure.

Effective July 1, 2011, Lafayette Academy Charter School is no longer participating in the Teachers' Retirement System of Louisiana (TRSL) and both Lafayette Academy Charter School and Esperanza Charter School have joined a 401K retirement plan that was established by Choice Foundation. Because of the effective date of July 1, 2011, no retirement contributions were made for Esperanza Charter School employees during the fiscal year ended June 30, 2011. As such, the board successfully voted to accrue the 5% employer contribution for Esperanza employees under the new 401K retirement plan for the fiscal year ended June 30, 2011, totaling \$34,874.

**CHOICE FOUNDATION, A NON-PROFIT ORGANIZATION
NEW ORLEANS, LOUISIANA**

Notes to Financial Statements

Note 12. Subsequent Events (Continued)

During June 2011, the Foundation was awarded an Investing in Innovation (i3) 2012 School Opening Grant in the amount of \$887,198. This is a reimbursable grant contingent upon the assignment to and acceptance of a designated turn around school by the Recovery School District for the 2012-2013 school year opening under management of the Foundation.

No other subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

Note 13. Uncertain Income Taxes

The Foundation's 2007, 2008 and 2009 tax returns were filed appropriately. As of October 11, 2011, the Foundation had not filed their 2010 tax return. The Foundation recognizes interest and penalties, if any, related to unrecognized tax benefits in income tax expense. The Foundation's tax filings are subject to audit by various taxing authorities. The Foundation's open audit periods are 2007 through 2009. Management has evaluated the Foundation's tax position and concluded that the Foundation has taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance.

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors
Choice Foundation, a Non-Profit Organization
New Orleans, Louisiana

We have performed the procedures included in the *Louisiana Governmental Audit Guide* and enumerated below, which were agreed to by the management of Choice Foundation, a Non-Profit Organization, and the Legislative Auditor, State of Louisiana, solely to assist users in evaluating management's assertions about the performance and statistical data accompanying the annual financial statements of Choice Foundation, a Non-Profit Organization, and to determine whether the specified schedules are free of obvious errors and omissions as provided by the Board of Elementary and Secondary Education (BESE) Bulletin. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants and *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings that relate to the accompanying schedules of supplemental information are as follows:

General Fund Instructional and Support Expenditures and Certain Local Revenue Sources (Schedule 1)

1. We selected a random sample of 25 transactions and reviewed supporting documentation to determine if the sampled expenditures/revenues are classified correctly and are reported in the proper amounts for each of the following accounts reported on the schedule:
 - Total General Fund Instructional Expenditures
 - Total General Fund Equipment Expenditures
 - Total Local Taxation Revenue
 - Total Local Earnings on Investment in Real Property
 - Total State Revenue in Lieu of Taxes
 - Nonpublic Textbook Revenue
 - Nonpublic Transportation Revenue

Findings:

None

NEW ORLEANS HOUSTON BATON ROUGE COVINGTON

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The McGladrey Alliance is a premier affiliation of independent accounting and consulting firms. The McGladrey Alliance member firms maintain their name, autonomy and independence and are responsible for their own client fee arrangements, delivery of services and maintenance of client relationships.

Education Levels of Public School Staff (Schedule 2)

2. We reconciled the total number of full time classroom teachers per the schedule "Experience of Public Principals, Assistant Principals and Full Time Classroom Teachers" (Schedule 4) to the combined total number of full time classroom teachers per this schedule, and to the Foundation's supporting payroll records, as of October 1st.
3. We reconciled the combined total of principals and assistant principals per the schedule "Experience of Public Principals, Assistant Principals and Full Time Classroom Teachers" (Schedule 4) to the combined total of principals and assistant principals per this schedule.
4. We obtained a list of principals, assistant principals and full time teachers by classification as of October 1st, and as reported on the schedule. We traced each of the teachers to the individual's personnel file to determine if the individual's education level was properly classified on the schedule.

Findings:

None

Number and Type of Public Schools (Schedule 3)

5. We obtained a list of schools by type as reported on the schedule. We compared the list to the schools and grade levels as reported on the Title I Grants to Local Educational Agencies (CFDA 84.010) application and/or the National School Lunch Program (CFDA 10.555) application.

Findings:

None

Experience of Public Principals, Assistant Principals and Full Time Classroom Teachers (Schedule 4)

6. We obtained a list of principals, assistant principals and full time teachers by classification as of October 1st, and as reported on the schedule and traced the same sample used in procedure 4 to the individual's personnel file and determined if the individual's experience was properly classified on the schedule.

Findings:

None

Public School Staff Data (Schedule 5)

7. We obtained a list of all classroom teachers including their base salary, extra compensation and ROTC or rehired retiree status, as well as full time equivalents as reported on the schedule, and traced each to the individual's personnel file and determined if the individual's salary, extra compensation and full time equivalents were properly included on the schedule.

Findings:

None

8. We recalculated the average salaries and full time equivalents reported on the schedule.

Findings:

None

Class Size Characteristics (Schedule 6)

9. We obtained a list of classes by school, school type and class size as reported on the schedule and reconciled school type classifications to Schedule 3 data, as obtained in procedure 5. We then traced a random sample of 10 classes to the October 1st roll books for those classes and determined if the class was properly classified on the schedule.

Findings:

None

Louisiana Educational Assessment Program (LEAP) (Schedule 7)

10. We obtained test scores as provided by the testing authority and reconciled scores as reported by the testing authority to scores reported on the schedule by the Foundation.

Findings:

None

Graduation Exit Exam (Schedule 8)

11. Not applicable.

iLEAP Test Results (Schedule 9)

12. We obtained test scores as provided by the testing authority and reconciled scores as reported by the testing authority to scores reported on the schedule by the Foundation.

Findings:

None

We were not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of management of the Foundation, the Louisiana Department of Education, the Louisiana Legislature, and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.



A Professional Accounting Corporation

October 11, 2011

CHOICE FOUNDATION, A NON-PROFIT ORGANIZATION
Schedules Required by Louisiana State Law
(R.S. 24:514 - Performance and Statistical Data)
As of and For the Year Ended June 30, 2011

Schedule 1 - General Fund Instructional and Support Expenditures and Certain Local Revenue Sources

This schedule includes general fund instructional and equipment expenditures. It also contains local taxation revenue, earnings on investments, revenue in lieu of taxes and nonpublic textbook and transportation revenue. This data is used either in the Minimum Foundation Program (MFP) formula or is presented annually in the MFP 70% Expenditure Requirement Report.

Schedule 2 - Education Levels of Public School Staff

This schedule includes the certificated and uncertificated number and percentage of full time classroom teachers and the number and percentage of principals and assistant principals with less than a Bachelor's; Bachelor's; Master's; Master's +30; Specialist in Education; and Ph. D. or Ed. D. degrees. This data is currently reported to the Legislature in the Annual Financial and Statistical Report (AFSR).

Schedule 3 - Number and Type of Public Schools

This schedule includes the number of elementary, middle/junior high, secondary and combination schools in operation during the fiscal year. This data is currently reported to the Legislature in the Annual Financial and Statistical Report (AFSR).

Schedule 4 - Experience of Public Principals, Assistant Principals and Full Time Classroom Teachers

This schedule includes the number of years of experience in teaching for principals, assistant principals and full time teachers. This data is currently reported to the Legislature in the Annual Financial and Statistical Report (AFSR).

Schedule 5 - Public School Staff Data

This schedule includes average classroom teachers' salary using full time equivalents, including and excluding ROTC and rehired retiree teachers. This data is currently reported to the Legislature in the Annual Financial and Statistical Report (AFSR).

Schedule 6 - Class Size Characteristics

This schedule includes the percent and number of classes with student enrollment in the following ranges: 1-20, 21-26, 27-33, and 34+ students. This data is currently reported to the Legislature in the Annual School Report (ASR).

Schedule 7 - Louisiana Educational Assessment Program (LEAP)

This schedule represents student performance testing data and includes summary scores by district for grades 4 and 8 in each category tested. Scores are reported as Advanced, Mastery, Basic, Approaching Basic, and Unsatisfactory. This schedule includes three years of data.

Schedule 8 - Graduation Exit Exam

Not Applicable.

CHOICE FOUNDATION, A NON-PROFIT ORGANIZATION
Schedules Required by Louisiana State Law
(R.S. 24:514 - Performance and Statistical Data) (Continued)
As of and For the Year Ended June 30, 2011

Schedule 9 - iLEAP Test Results

This schedule represents student performance testing data and includes a summary score for grades 3, 5, 6, 7 and 9 for each district. The summary score reported is the Percentile Rank showing relative position or rank as compared to a large, representative sample of students in the same grade from the state. This schedule includes three years of data.

**CHOICE FOUNDATION, A NON-PROFIT ORGANIZATION
NEW ORLEANS, LOUISIANA
General Fund Instructional and Support Expenditures
and Certain Local Revenue Sources
For the Year Ended June 30, 2011**

Schedule 1

General Fund Instructional and Equipment Expenditures

General Fund Instructional Expenditures:

Teacher and Student Interaction Activities

Classroom Teacher Salaries	\$ 2,915,535
Other Instructional Staff Activities	13,100
Instructional Staff Employee Benefits	866,217
Purchased Professional and Technical Services	751,143
Instructional Materials and Supplies	55,518
Instructional Equipment	108

Total Teacher and Student Interaction Activities \$ 4,601,621

Other Instructional Activities 5,871

Pupil Support Services	364,315
Less: Equipment for Pupil Support Services	-

Net Pupil Support Services 364,315

Instructional Staff Services	539,055
Less: Equipment for Instructional Staff Services	-

Net Instructional Staff Services 539,055

School Administration	809,214
Less: Equipment for School Administration	1,160

Net School Administration 808,054

Total General Fund Instructional Expenditures \$ 6,318,916

Total General Fund Equipment Expenditures \$ 1,268

Certain Local Revenue Sources

Local Taxation Revenue

Constitutional Ad Valorem Taxes	\$ -
Renewable Ad Valorem Tax	-
Debt Service Ad Valorem Tax	-
Up to 1% of Collections by the Sheriff on Taxes Other than School Taxes	-
Sales and Use Taxes	-

Total Local Taxation Revenue \$ -

Local Earnings on Investment in Real Property

Earnings from 16th Section Property	\$ -
Earnings from Other Real Property	-

Total Local Earnings on Investment in Real Property \$ -

State Revenue in Lieu of Taxes

Revenue Sharing - Constitutional Tax	\$ -
Revenue Sharing - Other Taxes	-
Revenue Sharing - Excess Portion	-
Other Revenue in Lieu of Taxes	-

Total State Revenue in Lieu of Taxes \$ -

Nonpublic Textbook Revenue	\$ -
Nonpublic Transportation Revenue	\$ -

See independent accountant's report on applying agreed-upon procedures.

CHOICE FOUNDATION, A NON-PROFIT ORGANIZATION
NEW ORLEANS, LOUISIANA
Education Levels of Public School Staff
As of October 1, 2010

Schedule 2

Category	Full Time Classroom Teachers				Principals & Assistant Principals			
	Certificated		Uncertificated		Certificated		Uncertificated	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Less than Bachelors Degree								
Bachelors Degree	37	67%	28	82%	1	33%		
Masters Degree	17	31%	6	18%	2	67%	1	100%
Masters Degree +30								
Specialist in Education								
Ph. D. or Ed. D.	1	2%						
Total	55	100%	34	100%	3	100%	1	100%

See independent accountant's report on applying agreed-upon procedures.

CHOICE FOUNDATION, A NON-PROFIT ORGANIZATION
NEW ORLEANS, LOUISIANA
Number and Type of Public Schools
For the Year Ended June 30, 2011

Schedule 3

Type	Number
Elementary	2
Middle/Jr. High	
Secondary	
Combination	
Total	2

See independent accountant's report on applying agreed-upon procedures.

CHOICE FOUNDATION, A NON-PROFIT ORGANIZATION
NEW ORLEANS, LOUISIANA
Experience of Public Principals, Assistant Principals
and Full Time Classroom Teachers
As of October 1, 2010

Schedule 4

	0 - 1 Yr.	2 - 3 Yrs.	4 - 10 Yrs.	11 - 14 Yrs.	15 - 19 Yrs.	20 - 24 Yrs.	25+ Yrs.	Total
Assistant Principals				1		1		2
Principals	1						1	2
Classroom Teachers	5	20	35	10	4	4	11	89
Total	6	20	35	11	4	5	12	93

See independent accountant's report on applying agreed-upon procedures.

CHOICE FOUNDATION, A NON-PROFIT ORGANIZATION
NEW ORLEANS, LOUISIANA
Public School Staff Data
For the Year Ended June 30, 2011

Schedule 5

	All Classroom Teachers	Classroom Teachers Excluding ROTC, Rehired Retirees, and Flagged Salary Reductions
Average Classroom Teachers' Salary Including Extra Compensation	\$48,298	\$48,393
Average Classroom Teachers' Salary Excluding Extra Compensation	\$46,473	\$46,424
Number of Teacher Full Time Equivalents (FTEs) used in Computation of Average Salaries	82.0	76.0

See independent accountant's report on applying agreed-upon procedures.

CHOICE FOUNDATION, A NON-PROFIT ORGANIZATION
NEW ORLEANS, LOUISIANA
Class Size Characteristics
As of October 1, 2010

Schedule 6

School Type	Class Size Range							
	1 - 20		21 - 26		27 - 33		34+	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Elementary	62	18%	269	76%	19	5%	3	1%
Elementary Activity Classes	6	14%	34	79%	2	5%	1	2%

See independent accountant's report on applying agreed-upon procedures.

CHOICE FOUNDATION, A NON-PROFIT ORGANIZATION
NEW ORLEANS, LOUISIANA
Louisiana Educational Assessment Program (LEAP)
For the Year Ended June 30, 2011

Schedule 7

District Achievement Level Results	English Language Arts						Mathematics						Science						Social Studies					
	2011		2010		2009		2011		2010		2009		2011		2010		2009		2011		2010		2009	
	Nbr.	%	Nbr.	%	Nbr.	%	Nbr.	%	Nbr.	%	Nbr.	%	Nbr.	%	Nbr.	%	Nbr.	%	Nbr.	%	Nbr.	%	Nbr.	%
Grade 4																								
Advanced	17	11%	7	8%	0	0%	18	12%	11	12%	5	6%	1	2%	0	0%	0	0%	1	1%	1	1%	0	0%
Mastery	39	25%	23	25%	14	16%	37	24%	31	34%	17	19%	7	2%	10	11%	1	1%	16	10%	9	10%	3	3%
Basic	51	32%	43	47%	54	61%	52	32%	34	38%	50	57%	58	27%	44	49%	36	42%	85	54%	47	53%	47	54%
Approaching Basic	29	19%	11	12%	16	18%	20	13%	13	14%	10	11%	69	42%	27	31%	42	48%	25	16%	23	26%	28	33%
Unsatisfactory	20	13%	7	8%	4	5%	29	19%	2	2%	6	7%	21	27%	8	9%	8	9%	29	19%	9	10%	9	10%
Total	156	100%	91	100%	88	100%	156	100%	91	100%	88	100%	156	100%	89	100%	87	100%	156	100%	89	100%	87	100%

District Achievement Level Results	English Language Arts						Mathematics						Science						Social Studies					
	2011		2010		2009		2011		2010		2009		2011		2010		2009		2011		2010		2009	
	Nbr.	%	Nbr.	%	Nbr.	%	Nbr.	%	Nbr.	%	Nbr.	%	Nbr.	%	Nbr.	%	Nbr.	%	Nbr.	%	Nbr.	%	Nbr.	%
Grade 8																								
Advanced	1	5%	N/A		N/A		1	5%	N/A		N/A		0	0%	N/A		N/A		0	0%	N/A		N/A	
Mastery	2	10%	N/A		N/A		1	5%	N/A		N/A		1	5%	N/A		N/A		2	10%	N/A		N/A	
Basic	10	50%	N/A		N/A		8	40%	N/A		N/A		4	20%	N/A		N/A		7	35%	N/A		N/A	
Approaching Basic	3	15%	N/A		N/A		4	20%	N/A		N/A		8	40%	N/A		N/A		8	40%	N/A		N/A	
Unsatisfactory	4	20%	N/A		N/A		6	30%	N/A		N/A		7	35%	N/A		N/A		3	15%	N/A		N/A	
Total	20	100%	N/A		N/A		20	100%	N/A		N/A		20	100%	N/A		N/A		20	100%	N/A		N/A	

The Foundation's first year of Grade 8 testing was 2011. There are no results for 2010 and 2009.

See independent accountant's report on applying agreed-upon procedures.

CHOICE FOUNDATION, A NON-PROFIT ORGANIZATION
NEW ORLEANS, LOUISIANA
Graduation Exit Exam
For the Year Ended June 30, 2011

Schedule 8

The Foundation does not have grades 10 or 11; therefore, this schedule does not apply.

See independent accountant's report on applying agreed-upon procedures.

CHOICE FOUNDATION, A NON-PROFIT ORGANIZATION
NEW ORLEANS, LOUISIANA
iLEAP Test Results
For the Year Ended June 30, 2011

Schedule 9

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2011		2011		2011		2011	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 3								
Advanced	2	1%	1	1%	0	0%	2	1%
Mastery	18	13%	21	16%	11	8%	15	11%
Basic	83	63%	78	58%	59	44%	77	58%
Approaching Basic	18	13%	23	17%	56	42%	27	20%
Unsatisfactory	13	10%	11	8%	8	6%	13	10%
Total	134	100%	134	100%	134	100%	134	100%

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2011		2011		2011		2011	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 5								
Advanced	5	4%	6	5%	2	2%	0	0%
Mastery	20	16%	15	12%	8	6%	7	6%
Basic	66	52%	67	52%	56	44%	60	47%
Approaching Basic	22	17%	20	16%	43	34%	34	27%
Unsatisfactory	14	11%	19	15%	18	14%	26	20%
Total	127	100%	127	100%	127	100%	127	100%

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2011		2011		2011		2011	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 6								
Advanced	0	0%	2	1%	0	0%	0	0%
Mastery	6	4%	5	4%	6	4%	4	3%
Basic	60	46%	69	51%	62	47%	55	41%
Approaching Basic	50	37%	29	22%	43	32%	48	36%
Unsatisfactory	18	13%	29	22%	23	17%	27	20%
Total	134	100%	134	100%	134	100%	134	100%

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2011		2011		2011		2011	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 7								
Advanced	0	0%	0	0%	0	0%	0	0%
Mastery	2	2%	1	1%	2	2%	6	7%
Basic	42	48%	47	54%	46	52%	37	41%
Approaching Basic	36	40%	25	28%	30	34%	31	35%
Unsatisfactory	9	10%	15	17%	11	12%	15	17%
Total	89	100%	88	100%	89	100%	89	100%

The Foundation does not have grade 9.

See independent accountant's report on applying agreed-upon procedures.

CHOICE FOUNDATION, A NON-PROFIT ORGANIZATION
NEW ORLEANS, LOUISIANA
iLEAP Test Results
For the Year Ended June 30, 2011

Schedule 9 (Continued)

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2010		2010		2010		2010	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 3								
Advanced	2	2%	1	1%	1	1%	0	0%
Mastery	9	9%	5	5%	7	7%	3	3%
Basic	56	59%	44	46%	37	39%	45	47%
Approaching Basic	20	21%	32	33%	43	45%	33	34%
Unsatisfactory	9	9%	14	15%	8	8%	15	16%
Total	96	100%	96	100%	96	100%	96	100%

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2010		2010		2010		2010	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 5								
Advanced	1	1%	0	0%	0	0%	0	0%
Mastery	7	8%	10	11%	1	1%	0	0%
Basic	41	44%	41	44%	34	37%	39	43%
Approaching Basic	30	33%	21	23%	39	42%	28	30%
Unsatisfactory	13	14%	20	22%	18	20%	25	27%
Total	92	100%	92	100%	92	100%	92	100%

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2010		2010		2010		2010	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 6								
Advanced	0	0%	0	0%	0	0%	0	0%
Mastery	1	1%	1	1%	2	3%	1	1%
Basic	30	44%	37	54%	24	35%	21	30%
Approaching Basic	27	39%	18	26%	30	43%	31	46%
Unsatisfactory	11	16%	13	19%	13	19%	16	23%
Total	69	100%	69	100%	69	100%	69	100%

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2010		2010		2010		2010	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 7								
Advanced	1	2%	1	2%	0	0%	0	0%
Mastery	2	3%	3	5%	5	8%	3	5%
Basic	30	49%	26	41%	27	44%	36	58%
Approaching Basic	22	35%	11	18%	20	32%	12	19%
Unsatisfactory	7	11%	21	34%	10	16%	11	18%
Total	62	100%	62	100%	62	100%	62	100%

See independent accountant's report on applying agreed-upon procedures.

CHOICE FOUNDATION, A NON-PROFIT ORGANIZATION
NEW ORLEANS, LOUISIANA
iLEAP Test Results
For the Year Ended June 30, 2011

Schedule 9 (Continued)

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2009		2009		2009		2009	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 3								
Advanced	0	0%	1	1%	0	0%	0	0%
Mastery	15	16%	4	4%	10	11%	12	14%
Basic	36	38%	40	43%	34	36%	38	41%
Approaching Basic	29	31%	25	27%	42	45%	27	29%
Unsatisfactory	14	15%	23	25%	7	8%	15	16%
Total	94	100%	93	100%	93	100%	92	100%

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2009		2009		2009		2009	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 5								
Advanced	0	0%	0	0%	0	0%	0	0%
Mastery	1	1%	2	2%	1	1%	0	0%
Basic	30	34%	29	33%	18	21%	31	36%
Approaching Basic	22	25%	20	23%	35	41%	29	34%
Unsatisfactory	34	40%	36	42%	32	37%	26	30%
Total	87	100%	87	100%	86	100%	86	100%

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2009		2009		2009		2009	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 6								
Advanced	1	2%	1	2%	0	0%	0	0%
Mastery	2	4%	4	7%	3	5%	1	2%
Basic	23	40%	25	44%	17	30%	15	26%
Approaching Basic	16	28%	12	21%	24	42%	27	47%
Unsatisfactory	15	26%	15	26%	13	23%	14	25%
Total	57	100%	57	100%	57	100%	57	100%

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2009		2009		2009		2009	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 7								
Advanced	0	0%	1	1%	0	0%	0	0%
Mastery	4	6%	0	0%	1	1%	5	7%
Basic	20	29%	19	28%	21	30%	28	41%
Approaching Basic	33	48%	23	33%	28	41%	24	35%
Unsatisfactory	12	17%	26	38%	19	28%	12	17%
Total	69	100%	69	100%	69	100%	69	100%

See independent accountant's report on applying agreed-upon procedures.

SUPPLEMENTAL INFORMATION

CHOICE FOUNDATION, A NON-PROFIT ORGANIZATION
NEW ORLEANS, LOUISIANA
Schedule of Board of Directors
For the Year Ended June 30, 2011

<u>Board Members</u>	<u>Compensation</u>
Janet Bean 6025 Garfield Street New Orleans, LA 70118 504-897-2710	\$ -0-
Don Beery 5322 Danell Street New Orleans, LA 70115 504-899-5755	\$ -0-
Joseph S. Charbonnet 639 Loyola Avenue, Suite 2775 New Orleans, LA 70113 504-584-1228	\$ -0-
Susie DeRussy 2415 Prytania Street New Orleans, LA 70130 504-899-5688	\$ -0-
Robert Evans 1520 Soniat Street New Orleans, LA 70130 504-523-4788	\$ -0-
Asher Friend 715 Short Street New Orleans, LA 70115 504-866-8753	\$ -0-
Brian Gibbs 5736 Citrus Boulevard New Orleans, LA 70123 504-733-6310, ext. 103	\$ -0-
William Goliwas 4416 Perrier Street New Orleans, LA 70115 504-899-7696	\$ -0-
Fritz Gomila 1846 State Street New Orleans, LA 70115 504-648-1999	\$ -0-

CHOICE FOUNDATION, A NON-PROFIT ORGANIZATION
NEW ORLEANS, LOUISIANA
Schedule of Board of Directors (Continued)
For the Year Ended June 30, 2011

<u>Board Members</u>	<u>Compensation</u>
James Huger, Chairman 900 St. Charles Avenue New Orleans, LA 70130 504-523-4521, ext. 1611	\$ -0-
Kevin Kane 1911 Octavia Street New Orleans, LA 70115 504-595-5183	\$ -0-
Wendy Lodrig 6413 St. Roch Avenue New Orleans, LA 70122 504-524-6710	\$ -0-
Matthew Miller 1903 Jefferson Avenue New Orleans, LA 70115 504-896-6319, ext. 319	\$ -0-
Alysson Mills 1817 Coliseum Street New Orleans, LA 70130 662-801-7982	\$ -0-
Steve Serio, Secretary 201 St. Charles Avenue, 46th Floor New Orleans, LA 70170-4600 504-586-5252	\$ -0-
Laura Sillars 5900 Prytania Street New Orleans, LA 70115 504-891-6221	\$ -0-
James Swanson, Vice Chairman 201 St. Charles Avenue, Suite 4600 New Orleans, LA 70170-4600 504-586-5267	\$ -0-
Sandy Villerie, III, Treasurer 601 Poydras Street, Suite 1808 New Orleans, LA 70130 504-525-0808	\$ -0-
Kate Werner 1137 Delachaise Street New Orleans, LA 70115 504-895-3024	\$ -0-

CHOICE FOUNDATION, A NON-PROFIT ORGANIZATION
NEW ORLEANS, LOUISIANA
Combining Statement of Financial Position
June 30, 2011

	Lafayette Academy Charter School	Esperanza Charter School	Eliminations	Consolidated
Assets				
Current Assets				
Cash and Cash Equivalents	\$ 615,397	\$ 364,432	\$ -	\$ 979,829
Certificates of Deposit	235,000	-	-	235,000
Grants Receivable	450,987	441,407	-	892,394
Prepaid Expenses	71,506	37,788	-	109,294
Intercompany Receivables	109,792	-	(109,792)	-
Other Receivables	8,204	-	-	8,204
Total Current Assets	1,490,886	843,627	(109,792)	2,224,721
Property and Equipment				
Leasehold Improvements	917,647	24,470	-	942,117
Furniture, Fixtures and Equipment	1,015,579	217,202	-	1,232,781
Less: Accumulated Depreciation	(1,896,486)	(25,647)	-	(1,922,133)
Net Property and Equipment	36,740	216,025	-	252,765
Total Assets	\$ 1,527,626	\$ 1,059,652	\$ (109,792)	\$ 2,477,486
Liabilities and Net Assets				
Current Liabilities				
Accounts Payable	\$ 270,449	\$ 102,737	\$ -	\$ 373,186
Accrued Expenses	380,143	234,732	-	614,875
Intercompany Payables	-	109,792	(109,792)	-
Total Liabilities	650,592	447,261	(109,792)	988,061
Net Assets				
Unrestricted	855,860	606,391	-	1,462,251
Temporarily Restricted	21,174	6,000	-	27,174
Total Net Assets	877,034	612,391	-	1,489,425
Total Liabilities and Net Assets	\$ 1,527,626	\$ 1,059,652	\$ (109,792)	\$ 2,477,486

CHOICE FOUNDATION, A NON-PROFIT ORGANIZATION
NEW ORLEANS, LOUISIANA
Combining Statement of Activities
For the Year Ended June 30, 2011

	Lafayette Academy Charter School			Esperanza Charter School			Consolidated		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Support and Revenue									
State Public School Funding	\$ 6,003,546	\$ -	\$ 6,003,546	\$ 2,896,776	\$ -	\$ 2,896,776	\$ 8,900,322	\$ -	\$ 8,900,322
Federal Grants	1,304,788	-	1,304,788	1,282,766	-	1,282,766	2,587,554	-	2,587,554
Federal School Lunch Program	363,978	-	363,978	179,226	-	179,226	543,204	-	543,204
Other State Funding	59,870	-	59,870	-	-	-	59,870	-	59,870
Other Income	66,168	-	66,168	20,038	-	20,038	86,206	-	86,206
Private Grants and Donations	164,945	21,174	186,119	117,013	6,000	123,013	281,958	27,174	309,132
Interest Income	2,105	-	2,105	-	-	-	2,105	-	2,105
Net Assets Released From Restrictions	36,248	(36,248)	-	-	-	-	36,248	(36,248)	-
Total Support and Revenue	8,001,648	(15,074)	7,986,574	4,495,819	6,000	4,501,819	12,497,467	(9,074)	12,488,393
Expenses									
Program Services									
Regular Education Programs	3,263,748	-	3,263,748	2,089,633	-	2,089,633	5,353,381	-	5,353,381
Operation and Maintenance of Plant	674,932	-	674,932	374,579	-	374,579	1,049,511	-	1,049,511
School Administration	654,926	-	654,926	250,152	-	250,152	905,078	-	905,078
Special Education Programs	585,622	-	585,622	304,900	-	304,900	890,522	-	890,522
Special Programs	791,591	-	791,591	-	-	-	791,591	-	791,591
Food Service Operations	397,957	-	397,957	209,192	-	209,192	607,149	-	607,149
Instructional Staff Services	406,424	-	406,424	134,522	-	134,522	540,946	-	540,946
Pupil Support Services	207,265	-	207,265	106,386	-	106,386	313,651	-	313,651
Other Instructional Programs	29,627	-	29,627	18,817	-	18,817	48,444	-	48,444
Student Activities	18,909	-	18,909	394	-	394	19,303	-	19,303
Management and General									
Business Services	537,297	-	537,297	76,992	-	76,992	614,289	-	614,289
General Administration	(125,970)	-	(125,970)	292,849	-	292,849	166,879	-	166,879
Central Services	71,949	-	71,949	5,365	-	5,365	77,314	-	77,314
Other Expenses									
Depreciation - Machinery and Equipment	428,788	-	428,788	22,663	-	22,663	451,451	-	451,451
Depreciation - Leasehold Improvements	367,367	-	367,367	2,984	-	2,984	370,351	-	370,351
Bad Debt Expense	357,873	-	357,873	-	-	-	357,873	-	357,873
Total Expenses	8,668,305	-	8,668,305	3,889,428	-	3,889,428	12,557,733	-	12,557,733
Change in Net Assets	(666,657)	(15,074)	(681,731)	606,391	6,000	612,391	(60,266)	(9,074)	(69,340)
Net Assets, Beginning of Year	1,522,517	36,248	1,558,765	-	-	-	1,522,517	36,248	1,558,765
Net Assets, End of Year	\$ 855,860	\$ 21,174	\$ 877,034	\$ 606,391	\$ 6,000	\$ 612,391	\$ 1,462,251	\$ 27,174	\$ 1,489,425

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the Board of Directors
Choice Foundation, a Non-Profit Organization
New Orleans, Louisiana

We have audited the financial statements of Choice Foundation, a Non-Profit Organization (the Foundation), as of and for the year ended June 30, 2011, and have issued our report thereon dated October 11, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Foundation's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Foundation's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Foundation's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended for the information and use of management, the board of directors, others within the Foundation, the Louisiana Legislative Auditor and federal awarding agencies and pass-through entities, and is not intended to be, and should not be, used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.



A Professional Accounting Corporation

October 11, 2011

**REPORT ON COMPLIANCE WITH REQUIREMENTS THAT
COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the Board of Directors
Choice Foundation, a Non-Profit Organization
New Orleans, Louisiana

Compliance

We have audited the compliance of Choice Foundation, a Non-Profit Organization (the Foundation), with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133, *Compliance Supplement*, that could have a direct and material effect on each of the Foundation's major federal programs for the year ended June 30, 2011. The Foundation's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Foundation's management. Our responsibility is to express an opinion on the Foundation's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Foundation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the School's compliance with those requirements.

In our opinion, the Foundation complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

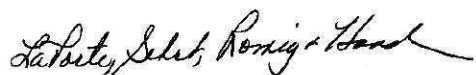
Internal Control Over Compliance

Management of the Foundation is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Foundation's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Foundation's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the Board of Directors, the Louisiana Legislative Auditor, the Louisiana Department of Education, and federal awarding agencies and pass-through entities and is not intended to be, and should not be, used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.



A Professional Accounting Corporation

October 11, 2011

CHOICE FOUNDATION, A NON-PROFIT ORGANIZATION
NEW ORLEANS, LOUISIANA
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2011

Federal Grantor/Pass-Through Grantor Program Title	Federal CFDA Number	Expenditures
United States Department of Agriculture Passed through the Louisiana Department of Education National School Lunch Program	10.555	\$ 543,204
United States Department of Education Passed through the Louisiana Department of Education Title I Grants to Local Educational Agencies *	84.010	1,318,993
Special Education Grants to States (IDEA Part B) *	84.027	318,843
Public Charter Schools Program	84.282	200,000
Improving Teacher Quality State Grants - Title II Grants	84.367	195,438
Education Jobs Fund *	84.410A	192,530
Temporary Assistance for Needy Families	93.558	168,333
Hurricane Educator Assistance Program	84.938K	100,000
Title III Higher Education - Institutional Aid	94.031	64,514
Enhancing Education Through Technology	84.318	5,647
Title IV Safe and Drug-Free Schools and Communities	84.186A	4,803
Special Education - Preschool Grants (IDEA Preschool)	84.173	4,370
		<u>2,573,471</u>
Total		<u><u>\$ 3,116,675</u></u>

* Denotes Major Program

Notes to the Schedule of Expenditures of Federal Awards

Note 1 - The schedule is prepared on the accrual basis of accounting.

Note 2 - The Foundation recorded revenues of \$14,083 in federal awards that were expended in the year ended June 30, 2010.

CHOICE FOUNDATION, A NON-PROFIT ORGANIZATION
NEW ORLEANS, LOUISIANA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2011

A. Summary of Audit Results

Financial Statements

- | | |
|--|-------------|
| 1) Type of auditor's report | Unqualified |
| 2) Compliance and internal control over financial reporting | |
| a) Material weaknesses identified | None |
| b) Significant deficiencies identified not considered
to be material weaknesses | None |
| c) Noncompliance noted | None |
| 3) Management letter comment provided | No |

Federal Awards

- | | |
|---|-------------|
| 4) Internal control over major programs | |
| a) Material weaknesses identified | None |
| b) Significant deficiencies identified not considered
to be material weaknesses | None |
| 5) Type of auditor's report issued on compliance for major program | Unqualified |
| 6) Audit findings disclosed that are required in accordance with
OMB A-133, Section 510a | None |
| 7) Identification of major programs | |
| 84.010A - Title I Grants to Local Educational Agencies | |
| 84.027 - Special Education Grants to States (IDEA Part B) | |
| 84.410A - Education Jobs Fund | |
| 8) Dollar threshold used to distinguish between Type A and B programs | \$300,000 |
| 9) Auditee qualified as a low-risk auditee under OMB A-133, Section 530 | No |

**CHOICE FOUNDATION, A NON-PROFIT ORGANIZATION
NEW ORLEANS, LOUISIANA
Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2011**

B. Findings Related to the Financial Statements

None.

C. Findings and Questioned Costs Related to Major Federal Award Programs

None.